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# State of Utah

## Department of Commerce

### Division of Securities

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## NEWS RELEASE

**October 11, 2006**

### **State Alleges Securities Fraud in Home-Building Scheme**

***Investor defrauded out of \$16,000 on a claim the money would finish building homes . . .***

**SALT LAKE CITY, Utah** – The Utah Division of Securities today issued an Order to Show Cause against Michael Larry Rasmussen of Salt Lake County for defrauding an investor out of \$16,000 on a promise the money would be used to finish building homes in Syracuse. Rasmussen promised 20% interest, but never repaid the investor and is not a home builder. The Division seeks imposition of a cease and desist order and a \$30,000 fine.

According to the Order to Show Cause, in 2005, Rasmussen offered two investors the opportunity to invest in a real estate venture. One investor put in \$16,000. Rasmussen said he was building homes in Syracuse, Utah that were almost complete and he needed the money to complete the homes. He promised a 20% profit to the investor within two months. Rasmussen gave the investor a promissory note promising payment of the invested amount plus profit by September 30, 2005.

In February 2006, Rasmussen gave the investor an official bank check from US Bank for \$30,000 as repayment of the investments, but US Bank refused to pay the official check.

According to the Division, Rasmussen failed to tell the investor that he had \$18,992 in judgments outstanding against him relating to unpaid child support and a divorce. Rasmussen also failed to tell the investor that he was not a licensed contractor. The Division alleges that the unpaid judgments and failing to be licensed as a contractor also means that Rasmussen had no reasonable basis to promise the investor a significant profit.

The Division set a hearing for November 17, 2006 on the allegations. If the allegations are proven, Rasmussen could be fined \$30,000 and ordered to cease violating the law.

Investors are encouraged to make sure anyone selling investments is licensed by calling the Division of Securities at (801) 530-6600.